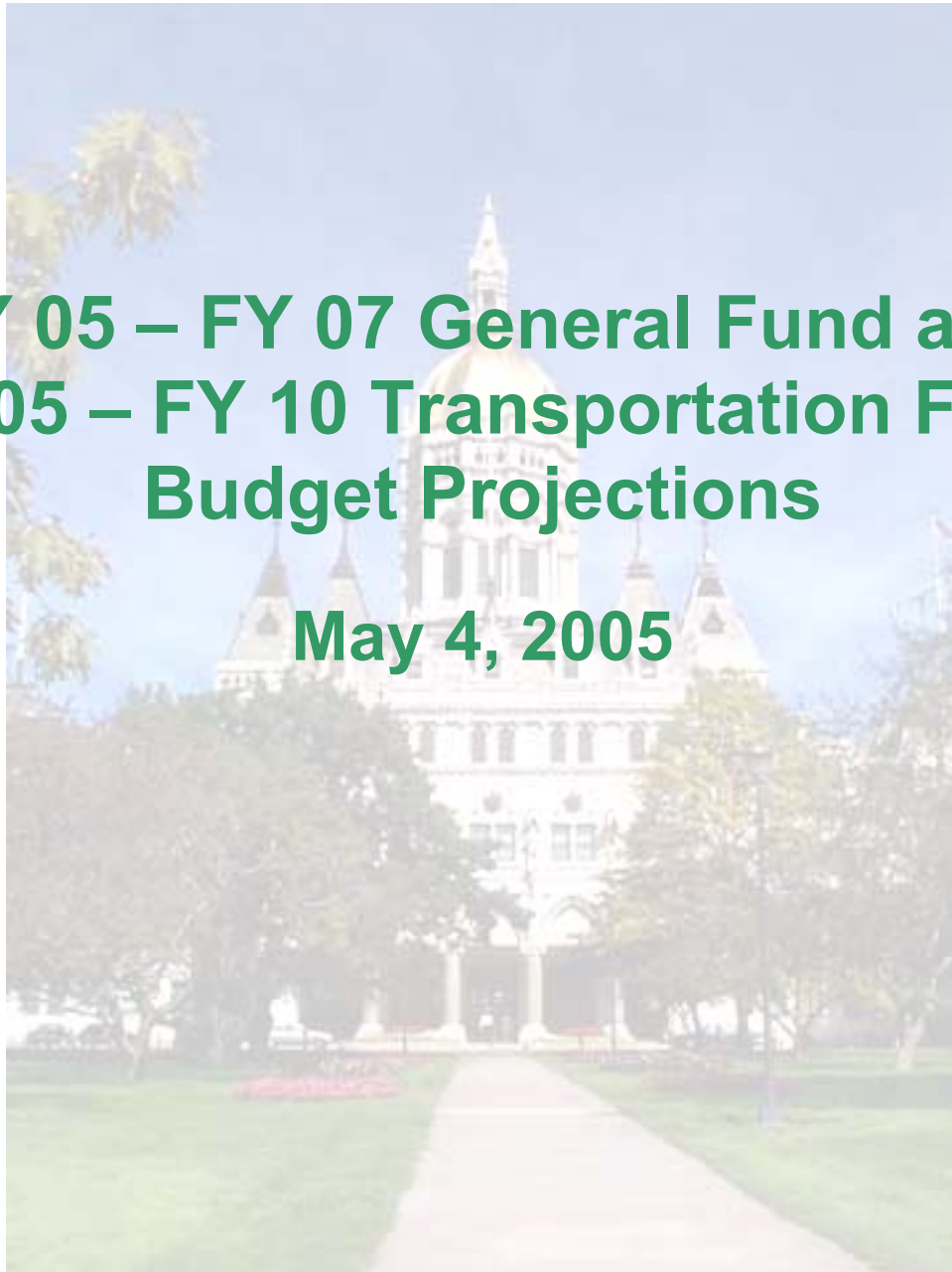


Connecticut General Assembly

OFFICE OF FISCAL ANALYSIS

FY 05 – FY 07 General Fund and FY 05 – FY 10 Transportation Fund Budget Projections

May 4, 2005



Report Highlights

GENERAL FUND

- **FY 05 General Fund surplus** is projected at **\$700.2 million**. If left unearmarked, **\$426.4 million would be transferred to the Budget Reserve Fund based on Appropriations Committee action**, which has earmarked \$273.8 million of the projected surplus. See [pages 1, 2, 3 and 4](#) for details.
- **General Fund shortfalls are projected for FY 06 (\$350.7 million) and FY 07 (\$571.7 million)** based on current services revenue plus Appropriations Committee revenue changes compared with Appropriations Committee expenditures. See [page 1](#) for details.
- **The General Fund revenue package proposed by the Finance, Revenue and Bonding Committee would raise an estimated, additional \$553 million in FY 06 and \$664.2 million in FY 07.** See [page 5](#) for details.

TRANSPORTATION FUND

- **FY 05 Transportation Fund operating deficit** is projected at \$5.5 million (\$2.9 million more than estimated on 1/28/05), which reduces the cumulative surplus from \$132.1 (un-audited) to \$126.6 million. The higher deficit projection reflects a deficiency of \$9.7 million attributable to Personnel Services overtime expenses and other contract costs related to snow and ice removal, implementation of CORE-CT, and increased costs associated with the operation of the Handicapped Access Program.
- **Transportation Fund surpluses are projected for FY 06 (\$0.7 million) and FY 07 (\$1.8 million)** based on current services revenue estimates plus revenue changes from SB 1057 “AN ACT CONCERNING THE GOVERNOR'S TRANSPORTATION IMPROVEMENT PROGRAM, THE TRANSPORTATION FUND, TAX ON FUEL AND THE AUTHORIZATION OF SPECIAL TAX OBLIGATION BONDS OF THE STATE FOR TRANSPORTATION PURPOSES” compared with Appropriations Committee expenditures.
- **The Transportation Fund revenue changes in SB 1057 would raise an estimated, additional \$15.5 million in FY 06 and \$31.3 million in FY 07 in Motor Fuels Taxes.**
- Our projections forecast **modest operating surpluses in the out-years (FY 08 through FY 10).**

Preliminary General Fund Budget Projections
FY 05, FY 06 and FY 07
(figures in \$ millions)
May 4, 2005

	FY 04	FY 05	FY 06	FY 07	
Appropriations Committee Budget Overview:					
	Surplus FY 04	OFA Estimate as of Finance Comm. Action 6/28/04 FY 05	OFA Revised Estimate 5/4/05 FY 05	Current Services Revenue Plus Approps. Comm. Rev. Changes Compared With Approps. Comm. Expenditures 5/4/05 FY 06	Current Services Revenue Plus Approps. Comm. Rev. Changes Compared With Approps. Comm. Expenditures 5/4/05 FY 07
Revenues	-	13,310.0	13,961.0	14,024.8	14,479.6
Expenditures	-	13,226.3	13,260.8	14,375.5	15,051.3
Balance	302.2	83.7	700.2	(350.7)	(571.7)
Approps. Comm. Anticipated FY 05 Surplus Utilization					
Stem Cell Research			(20.0)		
FY 05 Appropriations			(196.7)		
FY 05 Carryforwards into FY 06			(57.1)		
Potential Balance to Budget Reserve (Rainy Day) Fund			426.4		
Maximum Allowable in Budget Reserve (Rainy Day) Fund	1,322.6	(hypothetical amt.)	1,437.6		
BRF Deposit	302.2		728.6		
Extent to Which BRF Not Fully Funded	1,020.4		708.9		
Spending Cap Comparisons (All Funds):					
Amount Total Appropriations (Under) Over Cap Assuming Include All Appropriations in FY 06 Base		(133.8)	(0.2)	434.7	49.5
Amount Over Cap if Exclude Expenditures from Nursing Home Tax Program and Include All Appropriations in the FY 06 Base				190.7	49.5

	FY 04	FY 05	FY 06	FY 07	
Governors' Budget Overview:					
		OFA Estimate as of Finance Comm. Action 6/28/04 FY 05	Governor's Revised Estimate 4/29/05 FY 05	Gov.'s Recommended Revenue Compared With Gov.'s Recommended Expend. 2/9/05 FY 06	Gov.'s Recommended Revenue Compared With Gov.'s Recommended Expend. 2/9/05 FY 07
Revenues	Surplus FY 04 -	13310.0	13895.3	14124.7	14681.0
Expenditures	-	13226.3	13292.9	14124.3	14680.6
Balance	302.2	83.7	602.4	0.4	0.4
Governor's Anticipated FY 05 Surplus Utilization					
Stem Cell Research			(20.0)		
FY 05 Appropriations			(216.8)		
FY 05 Carryforwards into FY 06			(57.1)		
Potential Balance to Budget Reserve (Rainy Day) Fund			308.5		
Maximum Allowable in Budget Reserve (Rainy Day) Fund	1322.6	(hypothetical amt.)	1412.4		
BRF Deposit	302.2		610.7		
Extent to Which BRF Not Fully Funded	1020.4		801.8		
Spending Cap Comparisons (All Funds):					
Amount Total Appropriations (Under) Over Cap Assuming Include All Appropriations in FY 06 Base		(133.8)	-	198.7	(63.6)
Amount Over Cap if Exclude Expenditures from Nursing Home Tax Program and Include All Appropriations in the FY 06 Base				(45.3)	(63.6)

FY 05 General Fund Summary
as of May 4, 2005
(in millions)

	Budget Plan [1]	Increases (Decreases)	Projected
Revenues			
Taxes	\$ 9,441.1	\$ 655.3	\$ 10,096.4
Other Revenue	1,151.5	18.9	1,170.4
Other Sources [2]	<u>2,717.4</u>	<u>(23.2)</u>	<u>2,694.2</u>
Total Revenue	\$ 13,310.0	\$ 651.0	\$ 13,961.0
Appropriations			
Original Appropriations - Gross	\$ 13,336.2	\$ -	\$ 13,336.2
Plus:			
Deficiency Requirements	-	78.6	78.6
Extend HUSKY Plan, Part A Benefits through June 30, 2005 (PA 05-1; sHB 6438)	-	7.5	7.5
Adjudicated Claims	-	6.5	6.5
Refunds of Escheated Property	-	18.3	18.3
Less:			
Lapses [3]	<u>(109.9)</u>	<u>(76.4)</u>	<u>(186.3)</u>
Total Expenditures [4]	\$ 13,226.3	\$ 34.5	\$ 13,260.8
Surplus/(Deficit) from Operations for FY 05 [5]	\$ 83.7	\$ 616.5	\$ 700.2

[1] The budget plan revenues for FY 05 are the estimates of the Finance, Revenue and Bonding Committee and were initially adopted on April 29, 2004, but were subsequently revised for FY 05 per Section 2-35 (CGS) by the committee on June 28, 2004.

[2] The budget plan's revenue from Other Sources includes \$40 million of one-time revenue to securitize unclaimed property per the budget act which now appears unnecessary given that the State Treasurer has liquidated \$38 million more than the originally anticipated \$50 million from unclaimed securities alone and a surplus is projected for FY 05.

[3] The breakdown for budgeted lapses is as follows:

unallocated budgeted lapses	\$ (78.6)	\$ (97.9)	\$ (176.5)
general PS and OE reductions (holdbacks)	(25.0)	19.0	(6.0)
Fleet Reduction	(2.5)	2.5	-
Spend Management Lapse	<u>(3.8)</u>	<u>-</u>	<u>(3.8)</u>
Total - Lapses Originally Budgeted	\$ (109.9)	\$ (76.4)	\$ (186.3)

[4] Excludes expenditures from prior year carryforwards and appropriations from projected surplus.

[5] The projected surplus for FY 05 could be lower if any additional arbitration awards or collective bargaining agreements (for which funding has not been specifically provided in the budget) are approved by the legislature or become effective in the absence of legislative rejection. Of the 33 contracts, 16 (covering slightly more than half of state employees) were previously settled/funded and have agreed to a one year wage freeze. Four additional arbitration awards have been submitted to the legislature during the 2005 session and all include a one year wage freeze in the year indicated: Administrative and Residual (P-5) in FY 04; Division of Criminal Justice Prosecutors and Juvenile Prosecutors in FY 04; State Police (NP-1) in FY 05; 1199 Health Care Professionals (P-1) and Paraprofessionals (NP-6) in FY 06.

The \$6.2 million cost in FY 05 associated with the Administrative and Residual arbitration award is anticipated to be funded through the Reserve for Salary Adjustments account and any available agency resources. If approved by the legislature, the extent to which the \$1 million cost associated with the Prosecutors award and the \$.3 million in ancillary costs associated with the State Police award in FY 05 will be absorbed within agency budgets is unknown at this time. Two other contracts not yet submitted (covering Judicial Marshals and Board of Education and Services for the Blind employees NP-7) expired on 6/30/04 and could result in costs affecting FY 05 unless each contains a one year wage freeze. The remaining contracts (including 1199) would not likely require funding until the next biennium (FY 06 and FY 07).

Note: On March 1, 2005, the State Comptroller closed the books on FY 04 and indicated that the FY 04 surplus amounted to \$302.2 million. This surplus was deposited in the Budget Reserve (Rainy Day) Fund which had been depleted when its previous \$594.7 million balance was used to partially cover the \$817.1 million deficit in FY 02. The maximum allowable in the Budget Reserve Fund is 10% of the amount of the net General Fund appropriations for the fiscal year in progress. With net General Fund appropriations for FY 05 totaling \$13,226.3 million, the maximum allowable in the Budget Reserve Fund is \$1,322.6 million or \$1,020.4 more than currently deposited.

FY 05
General Fund Revenue Estimates
(\$ - Thousands)
May 4, 2005

	Budget Plan		OFA	OFA Estimates	
	Growth Rate {1}	FY 05 Estimate	Over(Under) Plan	Growth Rate {1}	FY 05 Estimate
Taxes					
Personal Income	5.2	\$5,131,000	\$359,000	10.6	\$5,490,000
Sales and Use	5.1	3,320,300	(51,300)	3.8	3,269,000
Corporations	8.0	501,700	168,300	36.3	670,000
Public Service Corporations	-	189,400	7,700	1.5	197,100
Inheritance and Estate	3.0	166,100	63,900	40.0	230,000
Insurance Companies	3.0	234,800	5,200	2.8	240,000
Cigarettes	(1.5)	266,000	4,000	(3.5)	270,000
Real Estate Conveyance	(10.5)	145,800	49,200	10.9	195,000
Oil Companies	(4.5)	89,600	69,900	39.4	159,500
Alcoholic Beverages	-	43,500	500	-	44,000
Admissions, Dues and Cabaret	2.0	33,100	(1,100)	0.8	32,000
Miscellaneous	(5.7)	<u>33,800</u>	<u>-</u>	<u>(12.0)</u>	<u>33,800</u>
Total Taxes		10,155,100	675,300		10,830,400
Refunds of Taxes		(700,000)	(28,000)		(728,000)
R & D Credit Exchange		<u>(14,000)</u>	<u>8,000</u>		<u>(6,000)</u>
Taxes Less Refunds		9,441,100	655,300		10,096,400
Other Revenue					
Transfer Special Revenue		283,100	(7,100)		276,000
Indian Gaming Payments		430,000	(15,000)		415,000
Licenses, Permits and Fees		138,100	-		138,100
Sales of Commodities and Services		36,000	-		36,000
Rentals, Fines and Escheats		144,500	35,500		180,000
Investment Income		15,300	(300)		15,000
Miscellaneous		105,000	5,900		110,900
Refunds of Payments		<u>(500)</u>	<u>(100)</u>		<u>(600)</u>
Total Other Revenue		1,151,500	18,900		1,170,400
Other Sources					
Federal Grants		2,469,600	17,600		2,487,200
Transfer to the Resources of the General Fund		219,800	(40,000)		179,800
Transfer from Tobacco Settlement Fund		113,000	(800)		112,200
Transfer to Other Funds		<u>(85,000)</u>	<u>-</u>		<u>(85,000)</u>
Total Other Sources		2,717,400	(23,200)		2,694,200
Total Revenue		<u>\$13,310,000</u>	<u>\$651,000</u>		<u>\$13,961,000</u>

{1} Tax growth rates reflect adjustments for rate and base changes.

FY 05 Surplus Utilization
as of May 4, 2005
(figures in \$)

Surplus Estimates	Governor's 4/29/05 602,400,000	OFA's 5/4/05 700,200,000
	Gov. Recommended	Approps. Committee
Budget Reserve (Rainy Day) Fund (BRF)	41,700,000	41,700,000
Stem Cell Research	20,000,000	20,000,000
FY 05 Appropriations:		
Economic Recovery Note Payments	137,700,000	137,700,000
State Comptroller - PS - reduce retirement backlog	420,000	420,000
State Comptroller - OE - analyze GASB 45	100,000	100,000
State Comptroller - OE - analyze Medicare Act	100,000	100,000
OPM - Energy Contingency	10,000,000	8,000,000
OPM - OE - research & investigate federal base closures in CT	750,000	750,000
RSA - GF Accrued ERIP Sick and Vacation Leave Payments	42,400,000	42,400,000
RSA - TF Accrued ERIP Sick and Vacation Leave Payments	5,150,000	5,150,000
RSA - GF Accrued non-ERIP Sick and Vacation Leave Payments	14,650,000	-
RSA - TF Accrued non-ERIP Sick and Vacation Leave Payments	1,000,000	-
DAS - Workers' Compensation Claims - fund full & final settlements	2,000,000	-
TRB - OE - analyze GASB 45	50,000	50,000
TRB - OE - analyze Medicare Part D	80,000	80,000
SDE - OE - RVTSS school construction energy costs	400,000	400,000
SDE - OE - RVTSS off-site transportation costs	600,000	600,000
DSS - Medicare Part D program initial administrative implementation	500,000	-
DoIT - PS - CORE overtime	250,000	250,000
DoIT - OE - CORE-related	150,000	150,000
Board of Higher Education - WCSU Greek Chair	500,000	500,000
Subtotal	79,100,000	58,950,000
FY 05 Carryforwards Reducing FY 06 Requirements:		
Various Agencies - Personal Services and Other Expenses	25,472,310	25,472,310
DECD - Subsidized Assisted Living Demonstration	348,300	348,300
Medical Examiner - Medicolegal Investigations	200,000	200,000
DMHAS - Special Populations	300,000	300,000
SDE - Omnibus Education Grants State Supported Schools	200,000	200,000
SDE - Charter Schools	1,900,000	1,900,000
SDE - Priority School Districts	1,000,000	1,000,000
SDE - OPEN Choice program	1,000,000	1,000,000
DHE - Minority Teacher Incentive Program	50,000	50,000
DHE - Connecticut Aid to Charter Oak	12,180	12,180
DOC - Workers' Compensation Claims	2,000,000	2,000,000
DOC - Community Support Services	1,500,000	1,500,000
DAS - Workers' Compensation Claims	1,600,000	1,600,000
Higher Education Alternative Retirement System contribution	1,500,000	1,500,000
Pensions and Retirement - Other Statutory	50,000	50,000
State Employee Health Service Costs	20,000,000	20,000,000
Subtotal	57,132,790	57,132,790
Additional Potential Surplus (if not earmarked would be deposited in BRF)	266,767,210	384,717,210
Amount Originally Recommended to be Transferred to BRF (above)	41,700,000	41,700,000
Total Potential Transfer to BRF	308,467,210	426,417,210

FY 06 & FY 07 General Fund
(\$ - millions)
May 4, 2005

	FY 06	FY 07
Governor's Proposed Budget	14,124.3	14,680.6
Appropriations Changes	<u>251.2</u>	<u>370.7</u>
Total Appropriations	14,375.5	15,051.3
Current Law Revenue (estimate as of 5/3/05)	13,861.0	14,388.0
Pequot Fund Adjustment (Per Approps. Budget)	-	(6.0)
DRS audit enhancements	12.0	30.0
Federal Revenue Gain From Gov's & Approps Budget	91.7	118.0
Revenue Loss from Medicare Part D Changes (Federal Mandate)	(79.1)	(189.6)
Nursing Home Tax (Increase in rates in Gov's & Approps Budget)	139.2	139.2
Gap - Total App. v Revenue	<u>(350.7)</u>	<u>(571.7)</u>

Finance Bills w/Revenue Impact

HB 6965 AAC Nexus for Purposes of the Sales Tax	1.5	1.5
SB 1332 AAC The Estate Tax (net impact compared to current law)	66.8	138.9
Corp. Tax Surcharge (10% in IY 2005, 15% in IY 2006, 15% in IY 2007)	62.0	47.0
Gov's Proposal - Delay increase in the singles exemption	7.0	20.0
Gov's Proposal - Banking Fund, Transfer portion to General Fund	-	20.0
Gov's Proposal - Insurance Fund, Transfer portion to General Fund	-	5.0
Gov's Proposal - Securitize unclaimed property	-	40.0
Transfer resources from FY 06 to FY 07	(46.8)	46.8
Exempt 50% of Military Pensions, Effective 1/1/08 (Loss of \$2.5m in FY 08)	-	-
SB 1321 - AAC The Income Tax	462.5 (18 months)	345.0 (12 months)

Effective 1/1/05

5.75% - \$500k (Joint), \$265.5k (Single), \$396k (Head of House)
6.00% - \$750k, \$398.5k, \$594k
6.25% - \$1 mil, \$531.5k, \$792k
6.50% - \$2mil, \$1.062 mil, \$1.580 mil

Effective 1/1/06

6.00% - \$500k, \$265.5k, \$396k
6.25% - \$750k, \$398.5k, \$594k
6.50% - \$1 mil, \$531.5k, \$792k
6.75% - \$2mil, \$1.062 mil, \$1.580 mil

Total - Finance Committee Package	553.0	664.2
Balance After Tax Changes	<u>202.3</u>	<u>92.5</u>

Preliminary Transportation Fund Budget Projections
FY 05, FY 06 and FY 07
(figures in millions \$)
May 4, 2005

FY 04		FY 05		FY 06		FY 07	
ons Committee Budget Overview:							
	OFA Estimate as of Finance Comm. Action 6/28/04 <u>FY 05</u>	OFA Revised Estimate 5/4/05 <u>FY 05</u>		Current Services Revenue Plus SB 1057 Rev. Changes Compared With Approps. Comm. Expenditures 5/4/05 <u>FY 06</u>		Current Services Revenue Plus SB 1057 Rev. Changes Compared With Approps. Comm. Expenditures 5/4/05 <u>FY 07</u>	
<u>FY 04</u>							
903.9	944.6	930.6		987.1		1,023.8	
907.6	929.3	936.1		986.4		1,022.0	
(3.7)	15.3	(5.5)		0.7		1.8	

FY 04	FY 05		FY 06	FY 07
Budget Overview:				
	OFA Estimate as of Finance Comm. Action 6/28/04	Governor's Revised Estimate 4/29/05	Gov.'s Recommended Revenue Compared With Gov.'s Recommended Expend. 2/9/05	Gov.'s Recommended Revenue Compared With Gov.'s Recommended Expend. 2/9/05
<u>FY 04</u>	<u>FY 05</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>
903.9	944.6	931.1	976.4	1,011.8
907.6	929.3	939.0	976.2	1,011.5
(3.7)	15.3	(7.9)	0.2	0.3

**FY 05 Transportation Fund Summary
as of May 4, 2005
(in millions)**

	<u>Budget Plan</u>	<u>Increase (Decrease)</u>	<u>Revised Estimates</u>
Revenues			
Taxes	545.3	9.0	554.3
Other Revenue (incl. Refunds of Payments and Transfers)	399.3	-23.0	376.3
Total Revenue	944.6	-14.0	930.6
 Appropriations			
Appropriations – Gross	940.3	0.0	940.3
Plus: Deficiency	0.0	9.7	9.7
Less: Lapses			
Debt Service	-4.5	0.0	-4.5
Unallocated	-6.5	0.0	-6.5
Gov's Hiring Freeze Jan 14 th Announcement	0.0	-2.9	-2.9
Total Lapse	-11.0	-2.9	-13.9
Total Expenditures	929.3	6.8	936.1
 Surplus/(Deficit) from Operations for FY 05	15.3	-20.8	-5.5
 Plus: Cumulative Surplus as of June 30, 2004	116.5	15.6	132.1
 Projected Fund Balance as of June 30, 2005	131.8	-5.2	126.6

FY 05 Transportation Fund Revenues
as of May 4, 2005
(in millions)

	<u>Budget Plan</u>	<u>Increase (Decrease)</u>	<u>Revised Estimates</u>
TAXES			
Motor Fuels Tax	471.0	7.0	478.0
Petroleum Products Tax	13.0	0.0	13.0
Sales Tax - DMV	70.0	2.0	72.0
Refund of Taxes	-8.7	0.0	-8.7
Total - Taxes less Refunds	545.3	9.0	554.3
OTHER SOURCES			
Motor Vehicle Receipts	226.2	5.8	232.0
License, Permits and Fees	159.1	0.0	159.1
Interest Income	27.0	0.0	27.0
Federal Grants (FTA)	3.3	-2.8	0.5
Transfers to Other Funds	-8.5	0.0	-8.5
Total - Other Sources	407.1	3.0	410.1
Less Refunds of Payments	-2.8	0.0	-2.8
Less Transfers to TSB Account	-5.0	-26.0	-31.0
TOTAL REVENUE	944.6	-14.0	930.6

Transportation Fund Projections FY 05 - FY 10
as of May 4, 2005
(in millions)

Transportation Fund	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10
Beginning Balance as of July 1st	\$132.1	\$126.6	\$127.3	\$129.1	\$138.6	\$153.8
REVENUES						
Taxes						
Motor Fuels Tax (1)	478.0	500.6	523.0	562.0	584.2	592.0
Petroleum Products Tax	13.0	21.0	21.0	21.0	21.0	21.0
Sales Tax - DMV	72.0	76.0	78.0	80.0	82.0	84.0
Refund of Taxes	(8.7)	(8.7)	(9.0)	(9.4)	(9.5)	(9.7)
Total - Taxes less Refunds	\$554.3	\$588.9	\$613.0	\$653.6	\$677.7	\$687.3
Other Revenue Sources						
Motor Vehicle Receipts	232.0	230.0	235.0	240.0	247.0	254.0
License, Permits and Fees	159.1	164.4	166.4	168.4	170.4	172.4
Interest Income	27.0	29.0	32.0	33.0	34.0	34.0
Federal Grants (FTA)	0.5	0.5	0.5	0.5	0.5	0.5
Transfers to Other Funds	(8.5)	(2.6)	(5.0)	(7.5)	(7.5)	(7.5)
Release from Debt Service Reserves	0.0	0.0	0.0	0.0	0.0	0.0
Total - Other Sources	\$410.1	\$421.3	\$428.9	\$434.4	\$444.4	\$453.4
Less Refunds of Payments	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)	(2.8)
Less Transfers to TSB Account (2)	(31.0)	(20.3)	(15.3)	(15.3)	(15.3)	(15.3)
TOTAL REVENUE	\$930.6	\$987.1	\$1,023.8	\$1,069.9	\$1,104.0	\$1,122.6
EXPENDITURES						
Debt Service	422.9	431.0	442.5	456.0	467.7	481.0
DOT Budgeted Expenses	380.1	401.4	417.2	430.9	442.1	453.8
DMV Budgeted Expenses	52.1	54.3	55.5	58.6	60.5	62.6
Other Budgeted Expenses	94.9	110.7	117.8	125.9	129.5	135.8
Subtotal - Expenditures	\$950.0	\$997.4	\$1,033.0	\$1,071.4	\$1,099.8	\$1,133.2
Less Unallocated Lapses	(13.9)	(11.0)	(11.0)	(11.0)	(11.0)	(11.0)
TOTAL EXPENDITURES	\$936.1	\$986.4	\$1,022.0	\$1,060.4	\$1,088.8	\$1,122.2
OPERATING SURPLUS/(DEFICIT)	(\$5.5)	\$0.7	\$1.8	\$9.5	\$15.2	\$0.4
Ending Balance as of June 30th	\$126.6	\$127.3	\$129.1	\$138.6	\$153.8	\$154.2
DEBT SERVICE RATIO(3)	2.3	2.3	2.3	2.4	2.4	2.4

(1) Estimates assume passage of SB 1057 which would raise an additional \$15.5 million in FY 06 and \$31.3 million in FY 07 in Motor Fuels Taxes.

(2) Incremental revenue from the various DMV fee changes allocated to the Transportation Strategy Board (TSB) and deposited in the TSB projects account.

(3) Pledged revenues for reserves required under the Indentures in an amount at least two (2) times the aggregate Principal and Interest Requirements on all outstanding Bonds and Notes.